

## **Minutes of the meeting held on April 2, 2018**

Present: Francis Murphy – Chair, Michael Gardner, Nadia Chamblin-Foster, John Shinkwin, Ellen Philbin, James Quirk and Chris Burns.

Absent: James Monagle

The meeting was called to order at 5:06 PM. The meeting was digitally recorded.

### **Agenda Item #1 – Minutes**

Motion by Shinkwin, seconded by Chamblin-Foster to accept the regular minutes of the meeting held on March 5, 2018. Voted unanimously.

Motion by Gardner, seconded by Shinkwin to accept the executive session minutes of the meeting held on March 5, 2018. Voted unanimously.

Motion by Shinkwin, seconded by Gardner to accept the minutes of the investment review held on March 6, 2018. Voted unanimously.

### **Agenda Item #2 - Warrants**

Motion by Gardner, seconded by Chamblin-Foster to accept payment of warrant #6 in the amount of \$6,794,549.29 and to accept payment of warrant #7 in the amount of \$1,478,689.50. Voted unanimously.

### **Agenda Item #3 – Superannuations**

Motion by Shinkwin, seconded by Chamblin-Foster to accept the Superannuation retirement applications submitted by Olga Amaya, Patient Access Representative I, Cambridge Health Alliance with twelve years, five months; Diane Bongiorno, Receptionist, Community Development Dept. with twenty-eight years, four months; Karen Cunningham, Ultrasound Technologist, Cambridge Health Alliance with eleven years, two months; Stuart Dash, Director of Community Planning, Community Development Dept. with twenty-seven years, five months; Jane Ellse-Hocking, Radiology Scheduler, Cambridge Health Alliance with ten years, nine months; Ronald Harris, Rotating Teacher, Dept. of Human Services with twenty-five years, nine months; and Stephen Kervick, Police Officer with thirty-three years, nine months. Voted unanimously.

### **Agenda Item #4 - Make-ups/Redeposits / Liability**

The Board reviewed make-up and redeposit worksheets for ten members.

Motion by Chamblin-Foster, seconded by Shinkwin to allow the make-up of contributions requested by Raymond J. Addison, seven months; William C. Bates, three months; Sarah Drewicz, six months; Edward J. Frammartino, ten months; Frederick S. Knox, two years, ten months; Laura M. Nichols, two years, two months; Mari K. Watson, two years, two months; Zachary F. Zrull, one year, six months; also to allow the redeposit of refunds requested by Kevin M. Corvino, five years, ten months; and Laurence Kimbrough, three years, five months. Voted unanimously.

### **Agenda Item #5 – Refund Applications**

The Board reviewed a list of refund applications submitted in March.

Motion by Gardner, seconded by Shinkwin to accept nine refund applications. Voted unanimously.

The Chairman requested to adjourn the open meeting and go into executive session for the purpose of discussing disability retirement applications. The Chairman stated that the meeting would reconvene in open session at the conclusion of the executive session. On a roll call, the vote was as follows:

Michael Gardner: YES

Nadia Chamblin-Foster: YES  
John Shinkwin: YES  
Francis Murphy: YES

**Agenda Item #6 – Accidental Disability Application – George Cotter**

The Board reviewed the member's application, treating physician's statement and employer's statement pertaining to George Cotter's accidental disability application. Attorney Michael Akashian appeared, representing the member.

Motion by Gardner, seconded by Shinkwin to accept the Accidental Disability application filed by George Cotter, a Firefighter, and to request that PERAC convene a medical panel. Voted unanimously.

**Agenda Item #7 – Accidental Disability Application – Robert Rossi**

The Board reviewed the member's application, treating physician's statement and employer's statement pertaining to Robert Rossi's accidental disability application.

Motion by Shinkwin, seconded by Gardner to accept the Accidental Disability application filed by Robert Rossi, a Deputy Fire Chief, and to request that PERAC convene a medical panel. Voted unanimously.

**Agenda Item #8 – Accidental Disability Benefit – Paul Neal**

The Board reviewed the certificate and narrative reports of the medical panel, the member's application, treating physician's statement and employer's stated pertaining to Paul Neal's accidental disability application.

Motion by Gardner, seconded by Shinkwin to accept the findings of the medical panel and to grant Accidental Disability benefits to Paul Neal, a Firefighter. Voted unanimously.

**Agenda Item #9 – Accidental Disability Benefit – Joseph Signorelli**

The Board reviewed the certificate and narrative reports of the medical panel, the member's application, treating physician's statement and employer's stated pertaining to Joseph Signorelli's accidental disability application. The member was represented by Attorney Thomas Gibson and Attorney Gerry McDonough.

Motion by Shinkwin-seconded by Chamblin-Foster to accept the findings of the medical panel and to grant Accidental Disability benefits to Joseph Signorelli, a Senior Building Custodian in the School Dept. Voted unanimously.

**Agenda Item #10 – Distribution of Deceased Member's Accumulated Deductions**

The Board reviewed Paul Cabral's death certificate, correspondence from his treating physician and a request for benefits from his three children.

The Director stated that Paul Cabral last worked for the City in 2001. Although he was vested, he never applied for Superannuation benefits. The staff attempted to contact him on a number of occasions to remind him of his right to apply for an allowance. He died on 12/5/2017. He also never updated his beneficiary information. The beneficiary of record is his girlfriend, Lillian Mae Pena, who died in 2009.

The request for benefits sent by his daughter, Sylvia Cabral, states that he had no power of attorney, estate or living will. Quirk stated that, without a surviving spouse, his children would normally be entitled to any benefits since he died intestate. He recommended that the system require that the three children sign releases prior to issuing any payment.

Motion by Gardner, seconded by Chamblin-Foster to obtain appropriate waivers, and then to distribute assets evenly to the three surviving children of Paul Cabral. Voted unanimously.

**Agenda Item #11 – Cost of Living Adjustment**

The Board reviewed PERAC Memo #3.

The Director reminded the Board of the vote earlier in the year to increase the COLA base to \$16,000. That increase has been approved by the City Council. She also stated that the City Council had been notified of the Board's intention to consider a COLA. Motion by Chamblin-Foster, seconded by Shinkwin to grant a 3% cost of living adjustment, with a \$16,000 base, to be effective on July 1, 2018. Voted unanimously.

### **Agenda Item #12 – Fossil Fuel Investments**

The Board reviewed a home rule bill, testimony presented to the Somerville City Council and an RFP for carbon footprint analysis issued by the City of New York.

Rosalie Anders, Colby Cunningham, Sean Donaghy, and Susan Redlich appeared before the Board. Cunningham reviewed the actions that the Somerville Retirement Board has taken since 2014 in an effort to divest from fossil fuel companies. The Chairman noted that the Board recently reviewed the portfolio, finding that fossil fuel companies comprised about 4.5% of the fund. He also stated that he felt far more comfortable following the model of tobacco divestment, where the decision was made by the State, and a list of prohibited firms can be provided to local Boards on a regular basis. He noted that the system has never received a response to an RFP from a fund offering a fossil-free strategy.

Quirk stated that he reviewed the home rule bill, noting that it creates an option for Somerville to divest, but does not require any particular action. Cunningham stated that his group believes that a "carbon bubble" exists, but that most investment managers do not accept this. He stated this could be one reason that funds have not adopted fossil-free strategies. Prior to making their move to divest, Somerville compared returns from a fossil-free index against the existing strategy, and found that the fossil-free fund exceeded the benchmark return over five years. He also stated that he believes that a Board could justify divestment as a prudent move, consistent with fiduciary duty. The Chairman stated that he would not anticipate supporting a home rule petition for Cambridge, as he still believes the matter should be left to the State legislature. Redlich stated that her group is working on a statewide divestment measure, but that the current bill requires only divestment from certain coal companies.

Gardner stated that if a firm were to respond to an RFP with a fossil-free strategy, Cambridge would only be able to hire that firm under limited circumstances. Assuming that returns and management fees were favorable, a legal analysis would still be required. Gardner stated that he believed that the firm would need to adopt the divestment strategy only for performance/return reasons without any social/political agenda.

### **Agenda Item #13 - PERAC Memos**

The Board reviewed PERAC Memos numbered from 14 to 15. No action was taken.

### **Agenda Item #14 - Old Business**

Quirk stated that he will file the Board's response in the Francis Judd case.

### **Agenda Item #15 - New Business**

Not needed.

### **Agenda Item #16 - Executive Session**

Agenda Item #6 – adopted

Agenda Item #7 – adopted

Agenda Item #8 – adopted

Agenda Item #9 – adopted

Agenda Item #10 – adopted

### **Agenda Item #17 - Chairman's Report**

None offered.

### **Agenda Item #18 – Executive Director's Report**

The Director stated that the office issued an RFP for an investment consultant. Fifteen firms have requested the RFP to date. Responses are due by April 26<sup>th</sup>.

Board members' statements of financial interests are due to PERAC by May 1<sup>st</sup>.

PERAC will begin an audit of the retirement system on April 30<sup>th</sup>. They will be auditing 2013-2016, and they expect to spend about two months in the office.

The following documents were also reviewed by the Board:

- List of Retiree Deaths
- Correspondence from Attorney James Quirk re: Supervisor of Public Records Bulletin 01-17
- Correspondence from Attorney James Quirk re: PERAC vs. CRAB, Retirement Board of Swampscott and Robert Vernava
- Correspondence from Attorney Quirk re: Beneficiaries of Francyne Puopolo vs. Leslie Arsenault
- December Financials: General Ledger, Summary of Accounts, Trial Balance, Adjustments, Cash Disbursements, Cash Receipts, Wire Transfers, Pre-Closing Trial Balance, Pre-Closing Adjustments.
- 2017 Administrative Budget
- 2018 Administrative Budget
- Manager/Vendor Disclosure Statements: Ascent Venture Partners IV, BlackRock DivPep Vesey Street Fund II, Lazard Emerging Markets Equity
- Pensions & Investments article – CalPERS investment committee rejects an April vote on gun divestment

Gardner moved to adjourn at 7:30 PM.